



Bergen County Prosecutor's Office

PRESS RELEASE

TO: ALL NEWS MEDIA
FROM: PROSECUTOR JOHN MOLINELLI
DATE: APRIL 27, 2011

Bergen County Prosecutor John L. Molinelli announced today that a Bergen County Grand Jury has returned a twenty-five (25) count indictment against twelve (12) persons for allegedly engaging in an elaborate mortgage fraud scheme involving Paragon Federal Credit Union located at 100 Paragon Drive, Montvale, NJ. The individuals arrested include:

Jermaine Butler, age 31 of Jersey City, NJ,
Flavio Cardoza, age 38 of North Bergen, NJ,
Taneisha Frye, age 33 of Jersey City, NJ,
Shaon Griffin, age 26 of Orange, NJ,
Peter Lamicella, age 41 of Toms River, NJ,
Robert Lundholm age 42 of Toms River, NJ,
Lee O'Keefe, age 41 of Glen Ridge, NJ,
Vereesa Polk, age 42 of Atlanta, Georgia,
Osvaldo Riveron, age 50 of North Bergen, NJ,
Peter Smith, age 38 of Jersey City, NJ,
Frances Wilson, age 61 of Toms River, NJ, and
Dawn Woolbert, age 44 of Waldwick, NJ.

All were indicted for conspiring to commit the crime of Theft by Deception and various other charges in the twenty-five (25) count indictment. The charges are the result of an investigation by members of the Bergen County Prosecutor's Office, White Collar Crime Unit under the direction of Chief Steven Cucciniello of the Bergen County Prosecutor's Office, the United States Secret Service – New Jersey, under the direction of Special-Agent-in-Charge Jacob Christine, and New Jersey Department of Treasury, Division of Taxation, Office of Criminal Investigation under the direction of Special – Agent-In-Charge Charles Giblin.

The investigation was initiated by representatives of Paragon Federal Credit Union. During a routine audit of their residential mortgage loans, bank investigators discovered that an unusual amount of residential mortgage loans were delinquent and

promptly notified the Bergen County Prosecutor's Office, White Collar Crime Unit.

Detectives discovered that potential borrowers filled out loan applications with mortgage brokers from AOR Consultants or Apex Consultants. Both companies were operated out of the same office in North Bergen, New Jersey and are owned by Osvaldo Riveron. Flavio Cardoza was a mortgage broker who processed loans for AOR Consultants and Apex Consultants. The loans were presented to Dawn Woolbert, who worked for Paragon Federal Union as the loan coordinator for the residential home loan division. In order to take out a loan with Paragon, a potential borrower had to become a credit union member and meet certain membership eligibility requirements and become a member of the credit union. Woolbert falsified the membership eligibility criteria of the potential borrowers to enable them to become credit union members and thereby apply for a loan.

Dawn Woolbert was also responsible for reviewing each loan to determine whether the potential borrower met the credit union's loan qualifications including having the appropriate personal expense to income ratios and loan amount to property value ratios. She was also required to verify that the supporting information contained in the application was accurate. When a borrower did not meet Paragon's loan eligibility criteria, Woolbert would return the application to Osvaldo Riveron and Flavio Cardoza and she would inform them what the personal income information and appraised value of the property needed to be to approve the loan.

Osvaldo Riveron and Flavio Cardoza would hire Peter Lamicella of Lighthouse Appraisals, LLC, located in Toms River, New Jersey to prepare the appraisal report for the property. Riveron and Cardoza would instruct Lamicella to provide an appraisal report directly to Paragon with property values provided by Woolbert so they appeared to meet Paragon's loan amount to property value ratio. Independent appraisers were subsequently hired to do retroactive appraisals of the properties at the time the loan was approved. The retroactive appraisals established that appraisal reports provided by Lamicella did not accurately reflect the value at the time the loan was approved and were grossly inflated.

Osvaldo Riveron and Flavio Cardoza would resubmit the loan application for the same borrower with false income information to meet Paragon's loan eligibility criteria. The mortgage applications submitted to Paragon contained false financial information, fictitious W-2's, and, in some instances, fabricated income tax returns. Cardoza and Riveron would personally pay Woolbert a set amount per loan to get the loan approved through Paragon in this fraudulent manner. Over \$3,000,000.00 of residential mortgage loans were processed in this manner and are currently in default.

This is an ongoing investigation.

Prosecutor Molinelli states that the defendant is presumed innocent until proven guilty beyond a reasonable doubt.